

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 SP-02 USIA-06 AID-05

EB-07 NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 L-03 H-01 DODE-00

PA-01 PRS-01 PM-04 /114 W

-----060854Z 080194 /20

R 060810Z JUN 77

FM AMEMBASSY CAPE TOWN

TO SECSTATE WASHDC 6195

INFO AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

AMEMBASSY PRETORIA

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: SF US ECON

SUBJ: REACTION OF US BUSINESSMEN IN SOUTH AFRICA TO
MONDALE/VORSTER MEETING

1. SUMMARY: AMBASSADOR MET WITH EIGHTEEN USCIT HEADS OF AMERICAN AFFILIATES IN JOHANNESBURG JUNE 2 TO REVIEW VICE PRESIDENT'S VIENNA MEETING WITH VORSTER. THEIR PERSONAL RESPONSES WERE RESERVED (ONE SAID LATER "WE PULLED OUR PUNCHES") BUT THEY DESCRIBED REACTION AMONG SOUTH AFRICAN COUNTERPARTS AS NEGATIVE AND DETRIMENTAL TO INTERESTS OF US FIRMS. END SUMMARY

2. AMBASSADOR REVIEWED RESULTS OF VIENNA MEETING ALONG LINES OF MONDALE PRESS CONFERENCE. HE NOTED HOW CENTRAL MESSAGE CONVEYED TO PM VORSTER BY VP MONDALE AND SPIRIT OF VIENNA MEETING HAD BEEN BADLY DISTORTED BY THE
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EMOTIONAL REACTION TO THE VICE PRESIDENT'S RESPONSE TO THE LAST QUESTION IN HIS NEWS CONFERENCE. HE STRESSED NEED IN OUR CONVERSATION WITH SOUTH AFRICANS TO REFOCUS THINKING ON CONSTRUCTIVE, ESSENTIAL ELEMENTS OF OUR NEW AFRICAN POLICY AND GET AWAY FROM CONCLUSIONS BEING DELIBERATELY OR NAIVELY DRAWN THAT USG WAS DEMANDING THAT WHITES SURRENDER ALL TO BLACKS.

3. BUSINESSMEN FELT THAT VIENNA MEETING AND AMBASSADOR YOUNG VISIT, ESPECIALLY AS REPORTED IN SA PRESS, LEFT THEIR SOUTH AFRICAN COLLEAGUES AND CONTACTS WITH SENSE OF ABANDONMENT AND CONTRIBUTED TO SIEGE MENTALITY. THEY SAID THEY DETECTED GROWING BITTERNESS AND SHIFT AWAY FROM PRO-AMERICAN SENTIMENT WHICH HAD PREVIOUSLY PREVAILED DESPITE RECOGNITION US DISAGREED WITH THEIR INTERNAL POLICIES. THEY THOUGHT STATEMENT BY VICE PRESIDENT ON "ONE-MAN, ONE-VOTE" CREATED DIFFICULTIES FOR LIBERALLY INCLINED SA-BUSINESSMEN WORKING FOR LESS RADICAL CHANGES. THEY FEEL SAG ARGUMENT THAT US AND WEST NO LONGER STANDING UP TO COMMUNISM IS FINDING GROWING ACCEPTANCE.

4. IN RESPONSE TO QUESTIONS ON WHETHER USG INTENDS TO CHANGE INVESTMENT AND EXIM POLICIES, AMBASSADOR REPLIED THOSE POLICIES TODAY REMAIN AS THEY HAVE BEEN OVER PAST FEW YEARS, AND OUR HOPE IS THAT SAG WILL SEE IMPORTANCE OF MAKING FUNDAMENTAL CHANGES WHICH WILL PROMOTE STABILITY IN SOUTH AFRICA AND FACILITATE IMPROVED RELATIONS. ALTHOUGH ACKNOWLEDGING AMBASSADOR'S POINT THAT US POLICY STAND BACKED BY UK AND OTHER EUROPEAN COUNTRIES, US BUSINESSMEN SAID DISTINCTION WAS THAT OTHER GOVERNMENTS SAW NEED FOR MORE TIME TO CHANGE SYSTEM. IMPRESSION CREATED, ESPECIALLY BY FOREIGN MINISTER BOTHA'S REMARKS, WAS THAT SA SINGLED OUT AS TARGET OF US HOSTILITY. THEY ALREADY SAW REFLECTION OF THIS IN THEIR BUSINESS DEALINGS, I.E., ABSENCE OF GOOD WILL AND PREFERENCE FOR NON-US LIMITED OFFICIAL USE

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SUPPLIERS. THEY FEAR DISCRIMINATION IN SA GOVERNMENT PROCUREMENT.

5. US BUSINESSMEN DID NOT SEEM OVERLY CONCERNED OVER SPECULATION ABOUT POSSIBLE ECONOMIC MEASURES AGAINST SOUTH AFRICA. HOWEVER, MENTIONING US DOMESTIC GUIDELINES AND DIFFICULTIES OF DECLINING PROFIT UNDER CURRENT CONDITIONS IN SA, ONE COMPANY HEAD SAID THAT, IF CALLED UPON IN ADDITION TO CONFRONT SAG, HIS FIRM WOULD RATHER PULL OUT. OTHER FIRMS, NOTABLY IBM, CHICAGO BRIDE (WHICH IS ACTIVE IN SASOL, II) AND WESTINGHOUSE, SAY THEIR SA CUSTOMERS ARE INCREASINGLY CONCERNED OVER WHETHER USG WILL WITHHOLD TECHNOLOGY AND SPARE PARTS, AND ARE QUESTIONING WHETHER FIRMS HAVE LONG-TERM COMMITMENT TO SA. THEIR COMPETITORS FOR CONTRACTS ARE MAKING FULL USE OF THESE ARGUMENTS.

6. NONE OF US FIRMS REPRESENTED SAID THAT US PARENTS WERE RESTUDYING THEIR SA OPERATIONS IN LIGHT OF NEW

US POLICY. US STEEL, FOR EXAMPLE, SAID ITS INVESTMENTS WHICH ALL IN MINERAL EXTRACTION AND PROCESSING ARE NOT KEYED TO SA MARKET AND THUS NOT AFFECTED BY RECENT EVENTS. FIRM WAS ACCUSTOMED TO OPERATING IN UNSTABLE SITUATIONS WORLDWIDE AND, WHILE RECENT DECISION MADE NOT TO EMBARK ON NEW PROJECT IN SA, THIS WAS BASED PRIMARILY ON ECONOMIC FACTORS.

7. AMBASSADOR'S MEETING WITH SMALLER GROUPS ON SULLIVAN MANIFESTO AND AMERICAN CHAMBER OF COMMERCE BEING REPORTED SEPARATELY.BOWDLER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, PUBLIC ATTITUDES, MEETINGS
Control Number: n/a
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Sent Date: 06-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAPET00903
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770200-0684
Format: TEL
From: CAPE TOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770688/aaaaczid.tel
Line Count: 127
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c387b784-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2267833
Secure: OPEN
Status: NATIVE
Subject: REACTION OF US BUSINESSMEN IN SOUTH AFRICA TO MONDALE/VORSTER MEETING
TAGS: ECON, PDIP, SF, US, (VORSTER, BALTHAZAR JOHANNES), (MONDALE, WALTER F)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/c387b784-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009